

Detroit-Wayne Port Authority  
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House Commerce and Trade Committee

- I. MICHIGAN HAS 39 MARINE TRANSPORTATION FACILITIES (PORTS)
  - a) Many are single terminals such as Lafarge in Alpena or the Lower Harbor Ore docks in Marquette.
  - b) Others have multiple terminals such as the 4 facilities in Muskegon or the 22 in Detroit/Wayne County.
- II. HANDLE OVER 70 MILLION TONS OF CARGO ANNUALLY
  - a) Range from bulk commodities such as stone, iron ore and salt
  - b) To General cargo such as steel, aluminum and project cargo
- III. THIS ACTIVITY IS RESPONSIBLE FOR OVER 23,000 JOBS AROUND THE STATE (attachment 1)
- IV. GENERATING OVER \$100 MILLION IN STATE TAXES, \$3 BILLION IN BUSINESS REVENUE AND \$1.7 BILLION IN PERSONAL INCOME (attachment 1)
- V. TWO PROBLEMS THAT KEEP THE STATE FROM ACHIEVING AN EVEN GREATER RETURN:
  - a) The Port Authority Act of 1979
  - b) A lack of investment in marine infrastructure
- VI. The Port Authority Act of 1979
  - a) Detroit is the only Port Authority in the State (Monroe operates under the Port District Act of 1925)
  - b) Through the definition of a Port Facility the act severely restricts Port Authorities from serving the local Port Community
  - c) This definition has kept other marine transportation facilities, such as Muskegon from becoming a Port Authority
    - i) Currently considering governance options
    - ii) The ownership issue in the Port Authority Legislation is a concern
- VII. Amending the Port Authority ACT (attachment 2)
  - a) Define the purpose of a Port Authority (marine and marine related development)
  - b) Remove the phrase "owned by a port authority" from the legislation
  - c) Allow for a single entity Port Authority (Monroe)
  - d) Update the Board appointment process (Monroe and Wayne County examples)
  - e) Provide flexibility to port authorities to assist in business development and preservation
  - f) Option on funding (The Port District Act allows for a property tax levy-Monroe)
- VIII. INVESTMENT
  - a) Ongoing debate regarding infrastructure investment
  - b) Virginia devotes small percentage of sales tax to port infrastructure annually, \$36 mill.
  - c) Michigan invests \$500,000 annually—Detroit Port Authority Budget
  - d) Need to consider the Wisconsin program, A Port Assistance Grant, available to all port facilities, public and private
- IX. THE RETURN
  - a) Port serve a broad community, Iron ore from Marquette delivered to AK Steel in Dearborn
  - b) Heavy lift cargo in Ecorse delivered to GM Lansing
  - c) Agricultural products grown in Western Michigan, export through Muskegon
- X. THE ROUGE RIVER EXAMPLE (attachment 3)

- a) There are over a dozen port terminal located along the 2 plus mile of the federal navigation channel on the Rouge River
- b) Much of the infrastructure is beyond its designed life
- c) Currently the Port Authority cannot help finance capital modernization efforts due to Port Facility definition in the Port Authority Act
- d) It is not our intent to force private operators to use port financing, we would like to provide such financing as an option
- e) If private investment is the best approach so be it

XI. Conclusion

- a) To fully utilize the marine transportation system available to the State of Michigan, we need a more modern Port Authority Act.
- b) With minor modifications we can make the Port Authority Act more user friendly
- c) This will help us improve the economic impact of Port facilities that I mentioned earlier

XII. I would be happy to answer any questions you may have

**Exhibit II-9 Economic Impacts by State — Cargo Moving via U.S. Ports and Marine Terminals on the Great Lakes-St. Lawrence Seaway System**

Tonnage (1,000)	Indiana 28,360		Ohio 40,222		Michigan 61,302	
<b>Jobs</b>						
Direct Jobs	15,516		8,504		10,603	
Induced	17,852		9,222		8,061	
Indirect	14,964		10,355		8,155	
<b>Total</b>	<b>48,332</b>		<b>28,081</b>		<b>26,819</b>	
<b>Personal Income (1,000)</b>	<b>US \$</b>	<b>Cdn \$</b>	<b>US \$</b>	<b>Cdn \$</b>	<b>US \$</b>	<b>Cdn \$</b>
Direct	\$726,283	\$748,072	\$378,968	\$390,337	\$484,116	\$498,640
Re-Spending/ Local Consumption	\$2,468,927	\$2,542,995	\$1,278,750	\$1,317,113	\$1,058,956	\$1,090,725
Indirect	\$587,445	\$605,069	\$436,985	\$450,094	\$334,688	\$344,728
<b>Total</b>	<b>\$3,782,656</b>	<b>\$3,896,135</b>	<b>\$2,094,703</b>	<b>\$2,157,544</b>	<b>\$1,877,761</b>	<b>\$1,934,093</b>
<b>Business Revenue (1,000)</b>	<b>\$7,894,646</b>	<b>\$8,131,486</b>	<b>\$3,032,330</b>	<b>\$3,123,300</b>	<b>\$3,799,899</b>	<b>\$3,913,896</b>
<b>Local Purchases (1,000)</b>	<b>\$1,133,209</b>	<b>\$1,167,206</b>	<b>\$772,802</b>	<b>\$795,986</b>	<b>\$637,553</b>	<b>\$656,680</b>
<b>State and Local Taxes (1,000)</b>	<b>\$359,352</b>	<b>\$370,133</b>	<b>\$203,186</b>	<b>\$209,282</b>	<b>\$182,143</b>	<b>\$187,607</b>
<b>Federal Taxes (1,000)</b>	<b>\$680,878</b>	<b>\$701,304</b>	<b>\$377,047</b>	<b>\$388,358</b>	<b>\$337,997</b>	<b>\$348,137</b>

**Exhibit II-9 continued**

Tonnage (1,000)	Minnesota 30,160		Illinois 7,219		Wisconsin 33,241	
<b>Jobs</b>						
Direct Jobs	2,516		2,813		3,466	
Induced	2,258		2,521		3,071	
Indirect	1,496		1,842		2,240	
<b>Total</b>	<b>6,271</b>		<b>7,177</b>		<b>8,777</b>	
<b>Personal Income (1,000)</b>	<b>US \$</b>	<b>Cdn \$</b>	<b>US \$</b>	<b>Cdn \$</b>	<b>US \$</b>	<b>Cdn \$</b>
Direct	\$115,464	\$118,928	\$121,942	\$125,600	\$163,789	\$168,703
Re-Spending/ Local Consumption	\$263,731	\$271,643	\$384,763	\$396,306	\$367,057	\$378,069
Indirect	\$60,381	\$62,193	\$87,490	\$90,115	\$91,566	\$94,313
<b>Total</b>	<b>\$439,576</b>	<b>\$452,763</b>	<b>\$594,196</b>	<b>\$612,022</b>	<b>\$622,412</b>	<b>\$641,085</b>
<b>Business Revenue (1,000)</b>	<b>\$1,343,705</b>	<b>\$1,384,016</b>	<b>\$438,795</b>	<b>\$451,959</b>	<b>\$1,405,293</b>	<b>\$1,447,451</b>
<b>Local Purchases (1,000)</b>	<b>\$114,433</b>	<b>\$117,866</b>	<b>\$152,694</b>	<b>\$157,275</b>	<b>\$175,955</b>	<b>\$181,234</b>
<b>State and Local Taxes (1,000)</b>	<b>\$46,815</b>	<b>\$48,219</b>	<b>\$59,420</b>	<b>\$61,202</b>	<b>\$67,073</b>	<b>\$69,085</b>
<b>Federal Taxes (1,000)</b>	<b>\$79,124</b>	<b>\$81,497</b>	<b>\$106,955</b>	<b>\$110,164</b>	<b>\$112,034</b>	<b>\$115,395</b>

## PROPOSED AMENDMENTS TO PORT AUTHORITY ACT

**SECTION 120.102 (e):** "Port Facility" means those facilities ~~owned by the port authority~~ such as but not limited to: seawall jetties.....or structures, and other real or personal property necessary to enhance commercial maritime activities.

**SECTION 120.102 (g):** "Port Authority Purpose means fostering commercial and recreational maritime and related activities by both public and private entities, encouraging real and personal property investment, and retaining and creating employment."

**SECTION 120.105(5)(b):** "Two members shall be appointed by Chief Executive Officer ~~a majority of all the members of the county board of commissioners of the county. The members appointed shall be nominated by the commissioners on the board who do not reside within the political boundaries of a city having a population of 750,000 or more.~~"

**SECTION 120.105:** New Subsection 6: "A port authority formed after 2015, may be established by one constituent unit of either a city or a county. In such event, the Board will consist of \_\_\_\_ members and be appointed by the Mayor or Chief Executive Officer of that jurisdiction."

Old (6) becomes (7)

**SECTION 120.107:** Advisory committees and councils: "The committee.....~~or~~ labor or real estate."

**SECTION 120.109 (c):** "Appoint an executive director who shall be the chief ~~administrative~~ executive officer....."

**SECTION 120.110 (d):** "Do all acts and things necessary or convenient to promote and increase the port authority's purpose ~~commerce and recreation~~ within its territorial jurisdiction and carry out the powers expressly granted and any powers implied or necessary for the exercise of the powers expressly granted in this act."

**SECTION 120.110a:** "The powers granted under this act are in addition to those granted by any charter or statute."

**SECTION 120.124a:** "Each authority shall have the power to raise revenue by a tax to be levied on all taxable property within the respective boundaries of the cities or townships or county or counties creating the authority, not exceeding 2 mills in any one year on each dollar of assessed valuation of the taxable property within the boundaries of such cities or townships or county or counties. The tax shall be for such number of years as approved by the electors of the cities or townships or of the county or counties and shall be levied and collected in the same manner now provided for the levy of state and county taxes under the general tax law, and shall be paid to the respective county treasurer or treasurers. If an authority is authorized under any present or future law of the state to establish special assessment zones and to raise revenue through the medium of special assessments for benefits within such zones, taxes so assessed shall be in excess of such 2 mill limitation."

**SECTION 120.130a:** "There will be created within the Department of Transportation budget a maritime assistance grant program. The grant program will be available to all commercial maritime facilities throughout the State of Michigan for port infrastructure improvements, enhance equipment and material handling, brownfield remediation and redevelopment and other uses necessary to further maritime commerce for the State of Michigan. The maritime assistance grant program will initially be funded with \$15 million to be adjusted from time to time to reflect current needs. The Michigan Department of Transportation will develop guidelines for the grant application and selection process."

